Generic Advertising Campaigns: a Goals-Based Perspective on the Effect of Market Trends and Solicitation Messages on Voluntary Contributions

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Although generic advertising campaigns, intended to increase primary (or category) demand, are common in the marketplace, such campaigns have received relatively little attention in the literature. Focusing on generic advertising campaigns that are funded voluntarily (instead of mandatory contributions), this research examines the influence of situational factors (i.e., market trends) and solicitation messages on voluntary contributions to a generic campaign. Taking a goals-based perspective, we propose that market trends induce different goals, which in turn, influence voluntary contributions. We propose further that a solicitation message that is congruent with the existing mean-goal association is likely to be most effective in increasing voluntary contributions relative to incongruent messages. Consistent with a goals-based framework, results of three studies show that voluntary contributions are higher when the market trend is declining versus increasing and a solicitation message that reinforces the association between induced goal and the means to achieve that goal is more effective in increasing contributions.

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EXTENDED ABSTRACT

Millions of dollars are spent every year on generic advertising campaigns that are designed to promote an entire product category. Generic advertising campaigns are intended to stimulate primary category demand (i.e., increase the size of pie) (Forker and Ward 1993). Some common examples of generic advertising are the “Got Milk?” campaign, “The New Steel” campaign, “Pork: The Other White Meat” campaign, and “Cotton: The Fabric of Our Lives” campaign. Despite the importance and prevalence of generic advertising campaigns, such campaigns have received relatively little attention in the marketing literature.

The few studies that examine generic advertising campaigns have focused either on the effect of such advertising on consumers (Borden 1965; Chakravarti and Janiszewski 2004) or the relationship between generic and brand advertising in identifying conditions under which firms should focus more on generic versus brand advertising (Bass et al. 2005; Krishnamurthy 2000). As such, relatively little is known about the trials and tribulations of organizing and funding generic advertising campaigns (Krishnamurthy, Bottom, and Rao 2003). While many generic advertising campaigns, particularly in the agriculture and commodities market, are funded via mandatory contributions (also called check-offs) of the individual producers (members); several others (like “Cotton: The Fabric of Our Lives”) are funded by voluntary contributions from the individual members (Krishnamurthy 2000).

Voluntarily funded generic advertising campaigns benefit all individual members, regardless of whether an individual member contributes towards the campaign (Forker and Ward 1993) and the benefits do not reduce for any member just because another member has benefited from it. Voluntarily funded generic advertising campaigns can thus be conceptualized as a social dilemma or more specifically as a public goods problem (Dawes 1980). First, individual members benefit from generic advertising even if they do not contribute towards the campaign. The dominant strategy for a member is thus not to contribute at all with the hope that other members will contribute. Second, if all members decide not to contribute, no one benefits. The dilemma arises because the dominant strategy based on individual rationality is for an individual member to contribute nothing whereas the optimal strategy based on group rationality is for every member to contribute the maximum (Dawes and Thaler 1988). This research views voluntarily funded generic advertising campaigns from a public goods lens and examines factors that may influence cooperation and thus increase members’ voluntary contributions. Specifically, this research examines the influence of situational (or market) factors and solicitation messages on individual members’ contribution decisions towards a generic advertising campaign.

Situational factors at the macro level such as market or industry trend, more or less, affect every firm within a specific industry and have the potential to affect the level of competition or cooperation among firms (e.g., Rotemberg and Saloner 1986). However, the findings are conflicting as some studies show that cooperation decreases among firms in periods of increasing market demand (Rotemberg and Saloner 1986) whereas others show that there is less cooperation in periods of declining market demand (Green and Porter 1984; Scherer 1980). In the present context, industry trend provides the milieu in which individual members decide on whether to contribute to a generic advertising campaign, and if so, how much? In other words, contribution decisions may be influenced by whether the individual members face a market with an increasing versus decreasing demand (and profitability). On one hand, facing a declining trend in profitability, resource constrained members may curtail their marketing and advertising budgets. On the other hand, members may feel the need to cooperate and increase their advertising budget in tough market conditions (Krishnamurthy et al. 2003). Given the scant empirical evidence on the effect of market level factors on members’ contribution decisions towards a generic advertising campaign (Krishnamurthy et al. 2003) and the conflicting theories regarding its effect on the level of cooperation, this research examines contribution decisions towards a generic advertising campaign when a specific market faces an increasing versus a decreasing profitability trend.

The second factor that we examine is solicitation message. It is common practice for industry-wide consortiums to use solicitation messages to encourage individual members to contribute towards a generic advertising campaign (Forker and Ward 1993). The effectiveness of solicitation messages is likely to vary with the message used and the manner in which the messages are framed (e.g., Maheswaran and Meyers-Levy 1990; Rothman and Salovey 1997). Further, since contribution decisions about generic advertising campaigns are made in the context of situational factors, the effectiveness of different solicitation messages is likely to vary with the prevailing market trend. Although there is considerable research which shows that message effectiveness depends on how it is framed (e.g., Levin, Schneider, and Gaeth 1998), the findings regarding the conditions under which different frames (e.g., positive/negative or gain/loss) are most effective are mixed and inconsistent (e.g., Block and Keller 1995; Lee and Aaker 2004; Maheswaran and Meyers-Levy 1990). Some studies suggest that positively framed messages are more effective (e.g., Maheswaran and Meyers-Levy 1990; Meyers-Levy and Maheswaran 2004) whereas other studies suggest that negatively framed messages are more effective (e.g., Block and Keller 1995). In the present context, the question is how should a message be framed to maximize its effectiveness in different market conditions? This research addresses this question by examining the effectiveness of different message frames in increasing contributions towards a generic advertising campaign when a market faces an increasing as well as a decreasing trend in demand and profitability.

Importantly, we develop a conceptual framework based on goal systems theory (Kruglanski et al. 2002) that allows us to predict the simultaneous effects of market trends and solicitation messages on voluntary contributions. The results of three studies are reported that are consistent with the conceptual framework. Study 1 showed that voluntary contributions towards a generic advertising campaign were higher in the decreasing market trend relative to the increasing market trend and that the market trends induced different goals and these goals mediated the effect of market trends on voluntary contributions. Specifically, an increasing market trend primarily induced the goal of increasing profits whereas a decreasing profit trend induced the goal of preventing a decline in profits.
Study 2 showed that different solicitation messages are effective in the different market trend conditions. When the market trend was positive the solicitation message that was most effective in increasing voluntary contributions towards a generic advertising campaign was positive in action and positive in consequence. In contrast, when the market trend was negative, the most effective solicitation message was positive in action but negative in consequence. The results of Study 2 are consistent with our argument that market trends induce different goals and the solicitation message that is congruent with the mean-goal association is likely to be most effective in increasing voluntary contributions. Recognizing that goals are one of many factors that may be affected by the different market trends, Study 3 was designed to demonstrate that the findings are indeed due to the different goals induced by the different market trends. Instead of manipulating market trends, Study 3 primed the goals of “increase profits” and “prevent a decline in profits” and showed that the results are consistent with the findings of Study 2.

Together, the results point to the importance of goals in decision making. Our findings suggest that situational factors may induce different goals that then lead to different behavioral tendencies (Higgins 2002; Kruglanski et al. 2002). In the generic advertising context, the market situation that an industry confronts provides the milieu within which the voluntary contribution decisions are made. The different market trends induce different goals, which in turn influence the choice and importance of available means to attain the induced goals thereby leading to differences in voluntary contributions.

REFERENCES